

Chrysler extends shutdowns at 3 plants

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DETROIT, Jan 15 (Reuters) – Chrysler LLC said on Thursday it would extend its month-long shutdown of its manufacturing operations at three plants, citing weak U.S. vehicle demand.

Chrysler, considered the weakest of the Detroit automakers, has extended shutdowns by a week at its plants in Belvidere, Illinois; Sterling Heights, Michigan; and Toluca, Mexico.

Workers at Chrysler’s 23 other plants were expected to return to work on Jan. 20, the automaker said.

All of Chrysler’s 30 manufacturing facilities were shut for a month starting Dec. 19 as the automaker sought to shore up cash in the face of dwindling sales.

Three of the 30 locations — Chrysler’s Toledo, Ohio, facility, its Windsor, Canada, plant and a Detroit plant — had shutdown periods longer than a month.

Chrysler, which saw sales decline 53 percent in December and 30 percent for 2008, blamed the lack of consumer financing for sluggish new car sales.

The automaker’s Belvidere plant builds the slow-selling Dodge Caliber, Jeep Patriot and Jeep Compass SUVs, while its Sterling Heights factory builds the Sebring and Avenger sedans.

Chrysler’s Toluca plant makes the Journey SUV and the PT Cruiser car, which is expected to be discontinued this summer.

The automaker said on Wednesday it intended to sell the tooling and other equipment related to the PT Cruiser.

By idling plants, Chrysler and other automakers can cut costs on inventory, components and related charges such as utilities for operating large production facilities.

The moves also keep finished vehicle inventories from piling up on dealer lots and increasing the pressure for even greater discounting to consumers.

Privately held Chrysler is 80 percent owned by private equity firm Cerberus Capital Management. (Reporting by Poornima Gupta, editing by Leslie Gevirtz)

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